

Message Text

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ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 560

UNCLAS CARACAS 10829

FOR EXIMBANK, ATTN: MR. EDWARD J. O'CONNOR

E.O. 11652: N/A

TAGS: EFIN, VE

SUBJECT: EXIMBANK GUARANTEE - TABLOPAN DE VENEZUELA S.A.

1. EMBASSY HAS BEEN APPROACHED BY MR. WARREN SMITH, VICEPRESIDENT, TABLOPAN DE VENEZUELA S.A., WITH REGARD TO A GUARANTEE APPLICATION WHICH THE FIRM HAS WITH EXIMBANK. ACCORDING TO MR. SMITH, CITIZENS SOUTHERN BANK IS NOT REQUESTING VENEZUELAN GUARANTEE FOR THEIR PORTION OF THE RISK, BUT EXIMBANK WISHES THE FIRM TO OBTAIN A LOCAL GUARANTEE. MR. SMITH EXPLAINED THAT THE COMPANY IS UNDER EXTREME PRESSURE FROM THE GOVERNMENT OF VENEZUELA TO INCREASE ITS PRODUCTION. IT IS NOW PRODUCING AT FULL CAPACITY AND THE LOAN THE COMPANY IS REQUESTING WILL BE USED TO PURCHASE MACHINERY FROM THE U.S. TO DUPLICATE THEIR PRESENT PRODUCTION.

2. THE FIRM HAD A PREVIOUS EXIMBANK LOAN OF ONE MILLION FOUR HUNDRED AND FIFTY THOUSAND DOLLARS SOME YEARS AGO AND HAS PROVED ITS CREDIT WORTHINESS. MR. SMITH EXPLAINED THAT IN HIS EXPERIENCE, AS WELL AS THE EXPERIENCE OF OTHERS, IT WOULD TAKE UP TO A YEAR TO OBTAIN A LOCAL GUARANTEE FROM THE CORPORATION VENEZOLANA DE FOMENTO, AND IF PRODUCTION SCHEDULES ARE TO BE MET, THE FIRM SIMPLY CANNOT DELAY THAT LONG IN OBTAINING A LOAN FOR THE NEW MACHINERY.

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3. IT IS THE EMBASSY'S UNDERSTANDING THAT THE FIRM HAS PRESENTED DOCUMENTS SHOWING A HIGH DEGREE OF SOLVENCY AND GOOD PROFIT RECORDS AND PROSPECTS TO EXIMBANK. FURTHER, THE FIRM IS A SISTER COMPANY IN THE VOLLMER GROUP OF COMPANIES WHICH OWNS 75 PERCENT OF THE STOCK IN TABLOPAN DE VENEZUELA.

4. IF THERE IS ANY WAY IN WHICH EXIMBANK COULD WAIVE THE REQUIREMENTS FOR TABLOPAN TO OBTAIN A LOCAL GUARANTEE, THE EMBASSY RECOMMENDS THAT SUCH ACTION BE TAKEN.
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